

Message Text

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WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

EA/IMS/WSHEPHARD

EB/IFD/ODF/RASWART

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R 251504Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY SINGAPORE

UNCLAS STATE 175692

E.O. 11652: N/A

TAGS: APUB, SN

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO SINGAPORE

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$14.4 MILLION TO SINGAPORE AIRPORT TERMINAL SERVICES PTY. LTD. (SATS) OF SINGAPORE. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR AM PAPERS, TUESDAY, JULY 29, 1975.

QUOTE: EXIMBANK CREDIT OF \$14.4 MILLION SUPPORTS \$36 MILLION SALE OF U.S. JET AIRCRAFT TO SINGAPORE

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$14.4 MILLION TO SINGAPORE AIRPORT TERMINAL SERVICES PTY. LTD. (SATS) OF SINGAPORE, TO HELP FINANCE THE PURCHASE OF A BOEING 747 JET AIRCRAFT AND SPARE PARTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. THE AIRCRAFT WILL BE USED BY SINGAPORE AIRLINES LIMITED, WHICH IS WHOLLY OWNED
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BY THE GOVERNMENT OF SINGAPORE.

THIS TRANSACTION WILL BENEFIT THE U.S. ECONOMY BY PROVIDING EMPLOYMENT FOR THE U.S. CIVILIAN AIRCRAFT INDUSTRY AND ITS MANY SUPPLIERS. THE 747 WILL NOT COMPETE WITH U.S. AIRLINES SINCE SAI'S EXISTING ROUTES DO NOT INCLUDE TRANSPACIFIC AND TANSATLANTIC FLIGHTS NOW BEING SERVICED BY U.S. AIRLINES. DELIVERY OF THE AIRCRAFT WILL BE MADE BY THE BOEING COMPANY OF SEATTLE, WASHINGTON.

THE EXIMBANK CREDIT REPRESENTS 40 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF \$18 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50 PERCENT OF THE U.S. COSTS AND SINGAPORE AIRPORT TERMINAL SERVICES WILL MAKE CASH PAYMENT OF 10 PERCENT, REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT THE RATE OF 1-1/2 PERCENT PER ANNUM. THIS RATE COMBINED WITH THE INTEREST RATE FROM PRIVATE SOURCES, BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF ABOUT 8.55 PERCENT TO 8.8 PERCENT.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING NOVEMBER 15, 1976, WITH EXIMBANK'S LOAN TO BE REPAID OUT OF A PORTION OF THE 12TH INSTALLMENT AND ALL OF THE LAST 8 INSTALLMENTS. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY THE GOVERNMENT OF SINGAPORE. UNQUOTE KISSINGER

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